

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2015



City of Sachse, Texas
As Prepared by
The Finance Department

*“ Sachse is a tranquil community welcoming the future
while offering a safe and enjoyable quality of life
to all those who call Sachse home.”*



City of Sachse, Texas

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September 30, 2015

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INTRODUCTORY SECTION





February 16, 2016

Honorable Mayor, City Council and Citizens of Sachse

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2015. The CAFR is provided to give detailed information about the financial position and activities of the City to the Citizens, City Council, Staff and other readers.

Management assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksCardiel, PLLC has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2015. The independent auditors' report is located at the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.8 square miles. The City's population is 23,756, according to the 2014 North Central Texas Council of Governments estimate.

The City Council is comprised of a Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, City Secretary and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the department heads, and the performance of functions within the municipal organization.

The City of Sachse provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, sewer, engineering, streets and infrastructure, community development (planning and zoning), and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) is included in the financial statements as a discretely presented component unit.

The annual budget serves as the foundation for Sachse's financial planning and control. Annual budgets are legally adopted for the General Fund, Utility Fund, and Debt Service Fund. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance, setting the limit for expenditures during the fiscal year. Expenditure appropriations in the adopted budget are by department and may be amended during the year. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures exceeding budgeted expenditures without approval of the City Council.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts, and summary budget reports are presented to the City Council. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits more detailed financial reports to the City Council.

Formal budgetary integration is not employed for the PG&T Tax Increment Financing Zone Fund (TIF) special revenue fund, Proprietary Fund, Capital Projects Fund, or Sachse Economic Development Corporation. However, the City does adopt an annual budget for those funds for managerial control.

LOCAL ECONOMY

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in the City of Sachse. State Highway 78 connects Sachse to the President George Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART) which includes both train and bus stations. The total transportation network gives our current and future residents easy access to major industrial and business developments in North Dallas and many business, commercial, and industrial developments in Plano and Richardson. While Sachse is well-suited for residential development, it is anticipated that commercial development in the City will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse put in place a Tax Increment Financing Zone (TIF). The TIF Zone contains approximately 540 acres of commercial development.

Property Values – Assessed property values increased \$211,017,704 (15%) from the preceding year with \$104,390,861 in new property and a \$106,626,843 increase in the value of existing property. During the last five years, assessed taxable property value has increased 33% (from \$1,234,165,298 in 2010 to \$1,635,609,749 in 2015) and property taxes have accounted for 65% of the General Fund revenue. With a well-educated populace and average household income of \$92,469, Sachse enjoys an exceptionally high property tax collection rate.

Long-Term Strategic Planning – Long-term vision and strategic planning have been the catalyst for the City's transformation and shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. Priorities during the 2014-2015 fiscal year were:

- Transportation – Improve mobility through the City
- Infrastructure – Systematically invest in public infrastructure
- Facilities – Analyze and plan for future facility needs beyond current construction
- Fiscally Sound – Negotiate strongly on all agreements
- Economic Development – Provide economic investment that increases employment opportunity, the tax base, and provides desired goods and services for residents and contributes to the community character and identify
- Public Safety and Security – Enhance neighborhood livability and safety
- Planning – Proactively work to keep various plans reviewed and updated
- Open Government – Increase public awareness using multiple communication sources
- Arts, Culture and Recreation – Enhance and communicate Sachse's activities to the community

Strategic Financial Plan – An appropriate financial plan for the City of Sachse requires many elements all working in concert with one another. Additional demands for “essential” City services such as police, fire, sewer, drainage and street improvements are anticipated. The Finance Department's management role will be to maintain and enhance financial plan elements and ensure the continued financial stability for the City of Sachse.

Financial Resource Planning – Strategic planning begins with determining the City's fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts coupled with financial trend analysis techniques and careful reserve analysis will preserve the fiscal well being of Sachse. Strategic planning is a critical element not only to meet long-term financial stability goals but to determine City Council objectives that will require special financial planning to achieve success.

Capital Improvement Planning – The City of Sachse's Capital Improvement Program is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. The City's operating and capital project budgets are closely linked.

Revenues for the capital budget come from bond sales, development fees, intergovernmental revenues and current operating revenues. The Capital Improvement Program, unlike the operating budget, is a five-year plan that is reviewed and projects are reprioritized as needed. Project budgets are used as a guide for projects, debt, and other related budget planning. As such, plans for future years are subject to change.

Debt Management – All debt issuances are for the purpose of financing capital infrastructure or long-lived costly assets. Each debt issuance is evaluated against multiple policies addressing: debt service as a percent of operating expenditures, tax and revenue basis for the repayment of debt, the overall debt burden on the community, statutory limitations and market factors affecting tax-exempt interest costs. Sizing of the City's capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you-go revenues help stabilize per capita debt and lower annual debt service costs to the City for the long-term.

FISCAL YEAR 2015 HIGHLIGHTS

The citizens of Sachse voted for General Obligation Bonds in the amount of \$37,925,000 for facilities, parks and transportation in November 2006. The GO Bond program is currently in progress. Construction on the Municipal Complex and the Salmon Park Improvement project have been completed. Transportation projects remaining to be funded by the 2006 Bond Funds include street lighting along 5th Street and DeWitt Street from Highway 78 to Ranch Road, widening of Sachse Road from 5th Street to Miles Road, widening of 5th Street from Highway 78 to Sachse Road, and railroad crossing improvements to allow for Quiet Zone designation.

Engineering has been completed for the street lighting project mentioned above, as well as lighting on Highway 78 from Murphy Road to 5th Street. The funding for the latter project is from remaining special sales tax funds received from 380 Economic Development Agreements that expired in 2011.

Construction was completed during the year on a 381 unit apartment complex on Cody Lane between Woodbridge Parkway and Ranch Road. The City has partnered with the developer of the apartment complex and the Sachse Economic Development Corporation for the remainder of the funding for necessary improvements to the City's railroad crossings to qualify for Quiet Zone status.

Asphalt repairs on 6th Street were accomplished utilizing funding from Dallas County through the Community Development Block Grant program.

Impact fees were updated in November 2012 following completion of the City's updated 10-year Capital Improvement Plan, which included the Master Thoroughfare Plan, Water Master Plan, and Sanitary Sewer Master Plan. Construction on widening Ranch Road from Harlan Drive to Clearmeadow Lane was funded by Roadway impact fees, with additional funding from Collin County. This project was primarily complete as of the end of the fiscal year.

A site was selected for a future 1.25 million gallon elevated storage tank, and design is underway. The land and construction of the tank will be funded with water impact fees, with construction estimated to take place in FY2017.

Engineering was completed for three separate projects collectively known as the Third Sewer Connection to Garland. The project includes an aerial crossing over Rowlett Creek, construction of a 24-inch sewer line from the aerial crossing to north of the President George Bush Turnpike, and construction of an 8-inch trunk line to Pleasant Valley Road. Funding for this project is through a grant from the Sachse Economic Development Corporation, a loan from the SEDC to be repaid with Tax Increment Funds, and additional funding from a property owner to be served by the new line. Completion of this project, anticipated before the end of FY2016, will make the properties at the west end of the PGBT corridor sewer ready.

In May 2013, voters approved a ¼ cent sales tax designated for maintenance of existing streets. Asphalt paving repairs on Williford Road, Big Valley, and Park Ridge Circle were completed during the year utilizing Street Maintenance Tax funds. The tax is generating approximately \$300,000 per year.

Firefighter's Park was completed during FY2015, with a grand opening held early in October 2014. Funding for the new park was provided by park development fees, along with a donation from the Sachse Volunteer Fire Association.

Contracts were finalized in September 2015 for purchase of new digital radios and construction of associated infrastructure. The final cost of this federally mandated communications upgrade will be just under \$950,000. General Fund Balance was set aside in FY2014-\$450,000, General Fund Revenues in FY2015-\$300,000, and a final \$200,000 was included in the FY2016 budget.

AWARDS AND ACKNOWLEDGEMENTS

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its CAFR for the fiscal year ended September 30, 2014. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's 2014-2015 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the third consecutive year the City's Budget has been so recognized. The 2015-2016 Fiscal Year Budget has also been submitted for consideration.

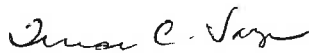
Acknowledgements – Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to representatives of BrooksCardiel, PLLC for their invaluable assistance in producing the final document and to the Finance team who were instrumental in the completion of this report.

We would also like to thank the Mayor, City Council, the City Manager and City of Sachse staff for their assistance, interest and support in the preparation of this document as well as planning and conducting the financial operations of the City in a responsible and progressive manner.

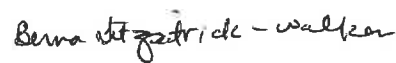
Respectfully submitted,



Gina Nash
City Manager



Teresa C. Savage, CGFO
Finance Director



Berna Fitzpatrick-Walker, CGFO
Finance Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

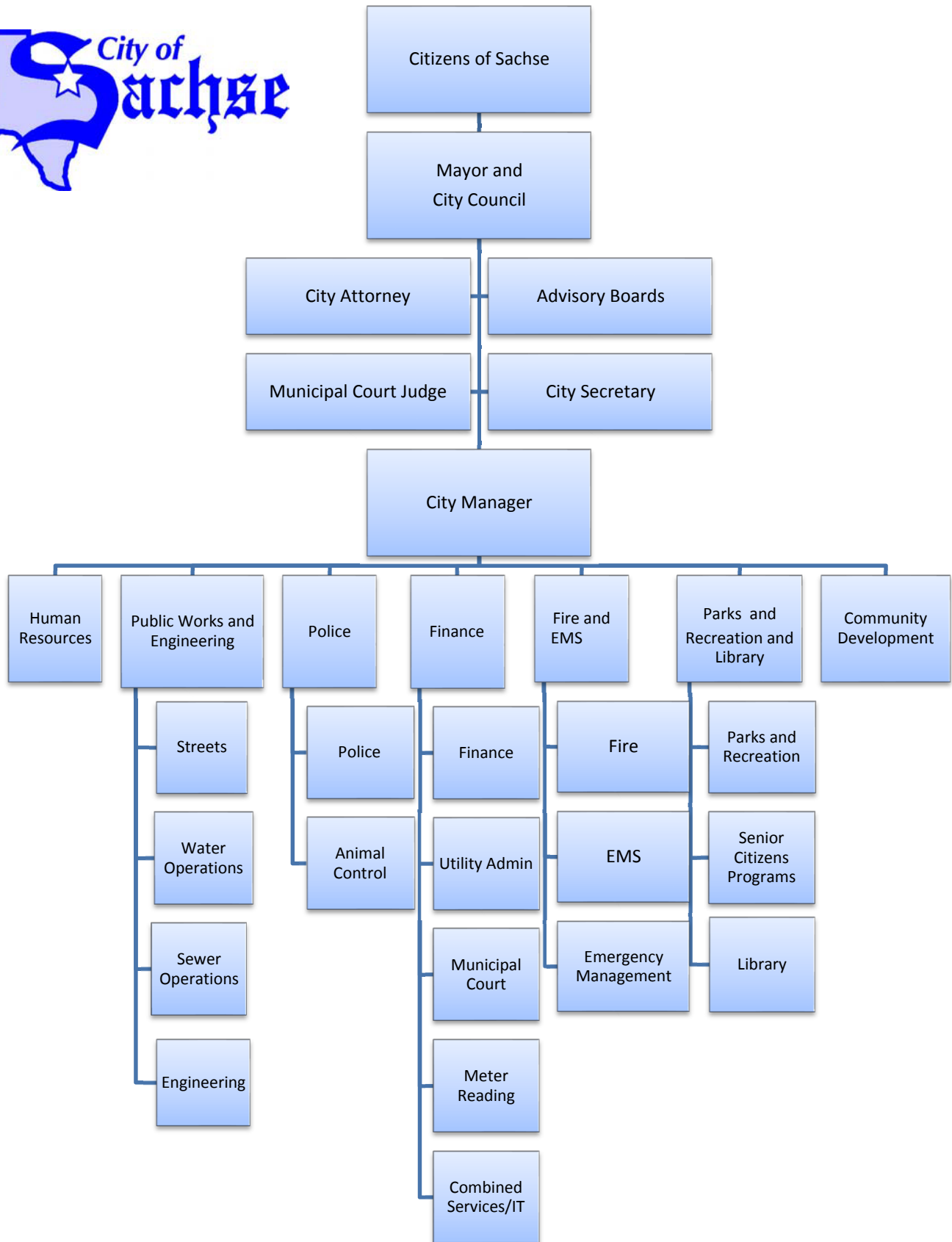
Presented to

**City of Sachse
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



CITY OF SACHSE, TEXAS

CITY OFFICIALS



Council Members

Mayor

Mayor Pro Tem

Council Member

Council Member

Council Member

Council Member

Council Member

Mike Felix

Brett Franks

Bill Adams

Charlie Ross

Paul Watkins

Cullen King

Jeff Bickerstaff

Management Staff

City Manager

City Secretary

Director of Finance

Director of Community Development

Director of Public Works and Engineering

Economic Development Corporation CEO

Interim Fire Chief

Director of Human Resources

Director of Parks and Recreation/Library

Police Chief

Gina Nash

Michelle Lewis-Sirianni

Teresa Savage

Dusty McAfee

Greg Peters

Leslyn Blake

Martin Wade

Stacy Buckley

Lance Whitworth

Bryan Sylvester

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Sachse, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.E. the City adopted new accounting guidance GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions to pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet, statement of revenues, schedules of revenues, expenditures, and changes in fund balances – budget and actual for the debt service fund, special revenue fund, and Sachse Economic Development Corporation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Brooks Cardiel, PLLC".

BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
February 16, 2016



*MANAGEMENT'S DISCUSSION
AND ANALYSIS*



City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

As management of the City of Sachse, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities (net position) at September 30, 2015 by \$83,739,159. Of this amount, \$3,712,821 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,260,079. The majority of the City's net position are invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$18,056,911 at September 30, 2015, an increase of \$2,353,173 from the prior fiscal year; this includes an increase of \$45,111 in the debt service fund, a decrease of \$333,522 in the capital projects fund, increase of \$1,662,256 in the impact fee fund, an increase of \$19,130 in the street maintenance fund, and an increase of \$610,570 in the general fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$6,546,528 or 53% of total general fund expenditures.
- The City's outstanding bonds payable decreased by \$230,000. The total bonds payable at the close of the fiscal year was \$36,915,000. Self-supporting debt of the proprietary fund was \$835,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2015

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Sachse Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The George Bush Turnpike Reinvestment Zone, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2015

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, the impact fee fund, and the street maintenance fund, which are considered to be major funds. The City's PGBT reinvestment zone tax increment fund and special revenue fund are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, impact fee fund, street maintenance, PGBT reinvestment zone tax increment fund and special revenue fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

Component Units

The City maintains the accounting and financial statements for two component units. The Sachse Economic Development Corporation is reported as a discrete component unit on the government-wide financial statements. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit and is a nonmajor fund.

City of Sachse, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2015

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Sachse, assets exceed liabilities by \$83,739,159 as of September 30, 2015 in the primary government.

The largest portion of the City's net position, \$68,198,616, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Sachse, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2015			2014		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and						
other assets	\$ 20,187,290	\$ 5,547,650	\$ 25,734,940	\$ 17,790,797	\$ 3,561,457	\$ 21,352,254
Capital assets, net	81,000,017	19,637,635	100,637,652	80,764,383	19,538,126	100,302,509
Total Assets	101,187,307	25,185,285	126,372,592	98,555,180	23,099,583	121,654,763
Total Deferred						
Outflows	2,098,277	51,817	2,150,094	554,525	34,465	588,990
Other liabilities	3,256,143	1,280,841	4,536,984	3,212,831	932,619	4,145,450
Long-term liabilities	39,235,148	915,286	40,150,434	38,607,519	1,011,704	39,619,223
Total Liabilities	42,491,291	2,196,127	44,687,418	41,820,350	1,944,323	43,764,673
Total Deferred						
Inflows	90,342	5,767	96,109	-	-	-
Net Position:						
Net investment						
in capital assets	49,395,981	18,802,635	68,198,616	48,982,879	18,603,126	67,586,005
Restricted	11,827,722	-	11,827,722	9,721,020	-	9,721,020
Unrestricted	(519,752)	4,232,573	3,712,821	(1,414,544)	2,586,599	1,172,055
Total Net Position	\$ 60,703,951	\$ 23,035,208	\$ 83,739,159	\$ 57,289,355	\$ 21,189,725	\$ 78,479,080

City of Sachse, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2015

Statement of Activities:

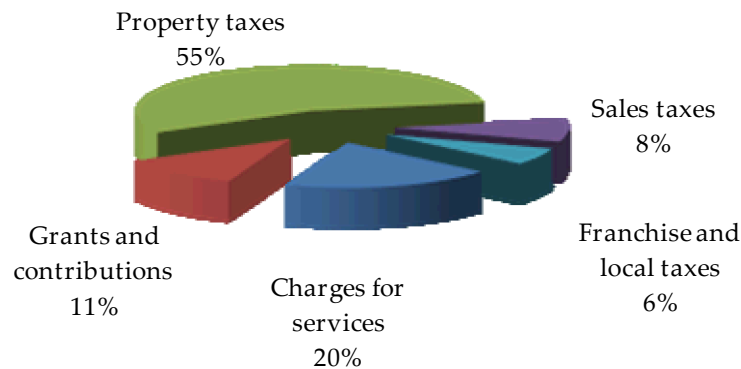
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2015			For the Year Ended September 30, 2014		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,902,098	\$ 9,137,569	\$ 13,039,667	\$ 3,480,154	\$ 6,866,641	\$ 10,346,795
Grants and contributions	2,266,997	1,233,994	3,500,991	5,062,102	2,019,038	7,081,140
General revenues:						
Property taxes	10,938,125	-	10,938,125	9,951,685	-	9,951,685
Sales taxes	1,582,416	-	1,582,416	1,296,199	-	1,296,199
Franchise and local taxes	1,208,204	-	1,208,204	1,094,025	-	1,094,025
Investment income	33,900	1,970	35,870	30,724	837	31,561
Other revenues	51,290	-	51,290	280,569	-	280,569
Total Revenues	19,983,030	10,373,533	30,356,563	21,195,458	8,886,516	30,081,974
Expenses						
General government	2,330,847	-	2,330,847	2,332,316	-	2,332,316
Public safety	6,854,653	-	6,854,653	6,176,967	-	6,176,967
Public works	4,415,483	-	4,415,483	3,914,293	-	3,914,293
Culture and recreation	1,557,475	-	1,557,475	1,427,948	-	1,427,948
Community development	677,184	-	677,184	616,439	-	616,439
Interest and fiscal charges	2,022,071	37,238	2,059,309	1,802,117	41,060	1,843,177
Water & Sewer	-	7,201,533	7,201,533	-	6,549,437	6,549,437
Total Expenses	17,857,713	7,238,771	25,096,484	16,270,080	6,590,497	22,860,577
Change in Net Position						
Before Transfers	2,125,317	3,134,762	5,260,079	4,925,378	2,296,019	7,221,397
Transfers	1,289,279	(1,289,279)	-	(263,672)	263,672	-
Total	1,289,279	(1,289,279)	-	(263,672)	263,672	-
Change in Net Position	3,414,596	1,845,483	5,260,079	4,661,706	2,559,691	7,221,397
Beginning Net Position	57,289,355	21,189,725	78,479,080	52,627,649	18,630,034	71,257,683
Ending Net Position	\$ 60,703,951	\$ 23,035,208	\$ 83,739,159	\$ 57,289,355	\$ 21,189,725	\$ 78,479,080

City of Sachse, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2015

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

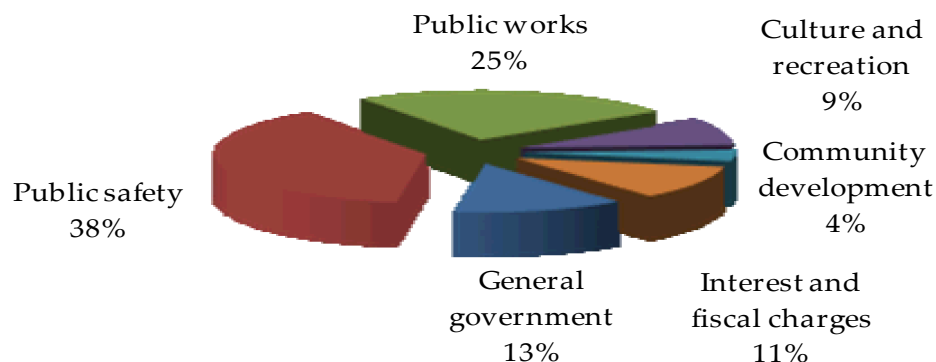
Governmental Activities - Revenues



For the year ended September 30, 2015, revenues from governmental activities totaled \$19,983,030. Property tax, charges for services and contributions are the City's largest general revenue sources. Overall revenue decreased \$1,212,428 or 6% due to large amounts of contributed capital that occurred in the prior year. Grants and contributions decreased by \$2,795,105 related to said contributed capital. Property tax revenue increased \$986,440 due to increase property values and a growing tax base. Sales tax increased by \$286,217 or 22% due to continued growth within the City. Charges for services increased by \$421,944, primarily from development and permit fees. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



For the year ended September 30, 2015, expenses for governmental activities totaled \$17,857,713. This represents an increase of \$1,587,633 or 10% from the prior year. The City's largest functional expense is public safety of \$6,854,653. All expenditures remained relatively consistent with the previous year.

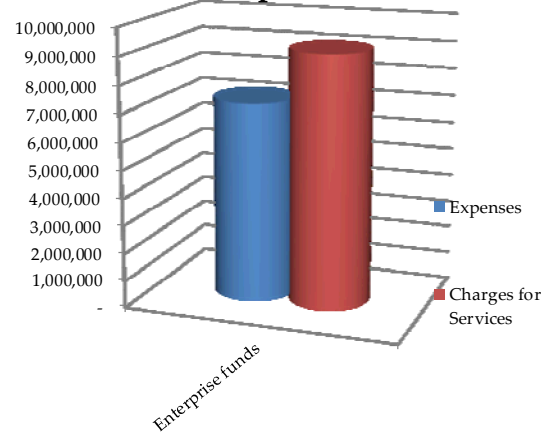
City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2015

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2015, charges for services by business-type activities totaled \$9,137,569. This is an increase of \$2,270,928, or 33%, from the previous year. This increase directly relates to water usage within the City as in the prior year the City had mandatory water restrictions and increased prices in the current year.

Total expenses increased \$648,274 to a total of \$7,238,771, due primarily to increased purchases from the North Texas Municipal Water District, the City's source of water.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2015, the City's governmental funds reported combined fund balances of \$18,056,911, an increase of \$2,353,173 in comparison with the prior year. Approximately 34% of this amount (\$6,073,568) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *assigned*, or *restricted* to indicate that it is 1) not in spendable form (\$101,621) or 2) restricted for particular purposes (\$11,827,722).

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2015

As of the end of the year the general fund reflected a total fund balance of \$6,702,149. Of this, \$101,621 is considered nonspendable and \$6,546,528 is unassigned. This increase in fund balance is attributable to increased property and sales taxes and positive budget variances in both revenues and expenditures.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 54% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$6,546,528 is 53% of total general fund expenditures.

The debt service fund had an ending fund balance of \$336,024 at September 30, 2015 compared to the previous year's balance of \$290,913.

The capital projects fund ending fund balance is \$5,275,339. During the year, the City expended \$1,583,111 on various projects, utilizing funds from the 2006 bond package.

The impact fee fund is considered a major fund and is used to ensure impact fees assessed for specific capital improvements are properly accounted for. During the year the City did not have any activity within this fund.

The street maintenance fund is a nonmajor fund and is used to track sales tax collected for street maintenance. During the year the fund spent \$292,248 on street maintenance and improvement. The fund saw a total increase in fund balance of \$19,130.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the water and sewer fund totaled \$23,035,208. Unrestricted net position of the enterprise fund at the close of the fiscal year amounted to \$4,232,573. Total net position demonstrated an increase of \$1,845,483. The fund had a net investment in capital assets of \$18,802,635. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has six water storage facilities with a total capacity of approximately 6.9 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of \$1,233,994 consisting of water and sewer infrastructure.
- Operational expenses excluding depreciation and amortization were \$5,797,575.
- Cash and cash equivalents in the water and sewer fund were \$2,767,445 at fiscal year end.

An internal service fund was established in 2014 for the purpose of tracking and allocating expenses for employee insurance. Revenue consists of budgeted allocations transferred from the general and water and sewer funds. Expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of \$201,803 to be retained for future risk.

City of Sachse, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments approved during the fiscal year increased spending by \$82,240. There was a positive variance of \$706,512 over budgeted general fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of \$184,866 in budgeted appropriations.
- \$50,086 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net positive change in fund balance of \$610,570.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$81,000,016 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$19,637,635 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased by \$39,663, net of depreciation.

Major capital asset events during the current year include the following:

- Contribution of assets by a developer.
- Acquisition of new library books.
- Construction of road projects.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of \$37,750,000. Of this amount, \$835,000 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

City of Sachse, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2015-2016 Fiscal Year Budget was approved by City Council on September 14, 2015. The tax rate adopted that same day was \$.757279 per \$100 assessed value, a 1.76 percent decrease from the previous year's rate of \$.770819. There was an increase in taxable values of \$211 million (14.81%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of \$1,380,099 to be allocated across the General, Debt Service, and PGBT Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by \$1,883,820 to a total of \$14,804,345. Budgeted expenditures increased by \$1,512,428 to a total of \$14,743,846 and include funding for full implementation of a wage and salary study, continued replacement of old equipment and vehicles, seed money for a city-wide Equipment Replacement Fund, and the final funding for a digital radio upgrade for Public Safety.

Budgeted revenue in the Utility Fund includes the second year of a five year rate plan approved in 2014, an increase of \$1,250,886 (15.6%) over the previous year. Budgeted expenses increased by \$1,180,575 to a total of \$8,974,698, a percentage increase of 15.1%. Approved expenditures include a backhoe and truck for the Water Department, implementation of the previously mentioned wage and salary study, and advance funding for a study to create a Drainage Utility Department. Also included are significant increases in the cost of water purchased from North Texas Municipal Water District, \$306,395 or 10.9%.

The City's capital budget includes \$4,140,255 in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes \$200,000 from the General Fund, \$436,634 from the Utility Fund, \$590,000 from Water and Sewer Impact Fees, \$91,839 from RCC special sales tax funds, \$314,879 in Street Maintenance Taxes, \$138,000 from Roadway Impact Fees, \$76,173 in Community Development Block Grant funds, \$295,000 from general unobligated capital project funds, \$1,500,000 from the 2006 Transportation Bond program, and \$498,000 in developer contributions.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Sachse Rd., Sachse Texas 75048 or call (972) 495-1212.



FINANCIAL STATEMENTS



City of Sachse, Texas
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sachse EDC
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 14,793,015	\$ 2,767,445	\$ 17,560,460	\$ 3,411,627
Restricted cash	-	220,874	220,874	-
Investments	5,019,309	-	5,019,309	1,003,382
Receivables, net	746,305	2,070,174	2,816,479	108,718
Internal balances	(472,960)	472,960	-	-
Inventory	-	16,197	16,197	-
Prepays	101,621	-	101,621	4,155
Assets held for sale	-	-	-	225,999
Total Current Assets	20,187,290	5,547,650	25,734,940	4,753,881
Capital assets:				
Non-depreciable	10,341,269	805,008	11,146,277	-
Net depreciable capital assets	70,658,748	18,832,627	89,491,375	-
	81,000,017	19,637,635	100,637,652	-
Total Assets	101,187,307	25,185,285	126,372,592	4,753,881
<u>Deferred Outflows of Resources</u>				
Pension contributions	646,017	41,235	687,252	-
Pension investment earnings	165,784	10,582	176,366	-
Deferred charge on refunding	1,286,476	-	1,286,476	-
Total Deferred Outflows of Resources	2,098,277	51,817	2,150,094	-
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	1,578,037	922,713	2,500,750	558,466
Accrued interest payable	260,953	6,234	267,187	-
Customer deposits	500	221,545	222,045	-
Long term debt due within one year	1,416,653	130,349	1,547,002	1,094
	3,256,143	1,280,841	4,536,984	559,560
Noncurrent liabilities:				
Due in more than one year	36,376,474	732,817	37,109,291	122
Net pension liability	2,858,674	182,469	3,041,143	-
Total Liabilities	42,491,291	2,196,127	44,687,418	559,682
<u>Deferred Inflows of Resources</u>				
Pension losses	90,342	5,767	96,109	-
<u>Net Position</u>				
Net investment in capital assets	49,395,981	18,802,635	68,198,616	-
Restricted for:				
Debt service	336,024	-	336,024	-
Capital improvements	11,181,105	-	11,181,105	-
Municipal court	228,043	-	228,043	-
Street maintenance	82,550	-	82,550	-
Economic development	-	-	-	4,194,199
Unrestricted	(519,752)	4,232,573	3,712,821	-
Total Net Position	\$ 60,703,951	\$ 23,035,208	\$ 83,739,159	\$ 4,194,199

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,330,847	\$ 10,750	\$ -	\$ -
Public safety	6,854,653	871,054	-	-
Public works	4,415,483	1,216,081	-	1,745,994
Culture and recreation	1,557,475	-	34,271	-
Community development	677,184	1,804,213	486,732	-
Interest and fiscal charges	2,022,071	-	-	-
Total Governmental Activities	<u>17,857,713</u>	<u>3,902,098</u>	<u>521,003</u>	<u>1,745,994</u>
Business-Type Activities				
Water	4,201,954	5,476,932	-	678,697
Sewer	3,036,817	3,660,637	-	555,297
Total Business-Type Activities	<u>7,238,771</u>	<u>9,137,569</u>	<u>-</u>	<u>1,233,994</u>
Total Primary Government	<u>\$ 25,096,484</u>	<u>\$ 13,039,667</u>	<u>\$ 521,003</u>	<u>2,979,988</u>
Component Unit				
Sachse Economic Development Corporation	\$ 946,051	\$ -	\$ -	\$ -

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Sachse EDC
\$ (2,320,097)	\$ -	\$ (2,320,097)	\$ -
(5,983,599)	-	(5,983,599)	-
(1,453,408)	-	(1,453,408)	-
(1,523,204)	-	(1,523,204)	-
1,613,761	-	1,613,761	-
(2,022,071)	-	(2,022,071)	-
(11,688,618)	-	(11,688,618)	-
-	1,953,675	1,953,675	-
-	1,179,117	1,179,117	-
-	3,132,792	3,132,792	-
(11,688,618)	3,132,792	(8,555,826)	-
			(946,051)
10,938,125	-	10,938,125	-
1,582,416	-	1,582,416	622,305
1,208,204	-	1,208,204	-
33,900	1,970	35,870	8,650
51,290	-	51,290	1,000
1,289,279	(1,289,279)	-	-
15,103,214	(1,287,309)	13,815,905	631,955
3,414,596	1,845,483	5,260,079	(314,096)
57,289,355	21,189,725	78,479,080	4,508,295
\$ 60,703,951	\$ 23,035,208	\$ 83,739,159	\$ 4,194,199

City of Sachse, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2015

	General	Debt Service	Capital Projects	Impact Fee
<u>Assets</u>				
Cash and cash equivalents	\$ 3,835,880	\$ 336,182	\$ 3,980,591	\$ 5,475,707
Investments	3,006,758	-	2,012,551	-
Receivables, net	657,070	24,064	-	6,830
Prepays	101,621	-	-	-
Total Assets	\$ 7,601,329	\$ 360,246	\$ 5,993,142	\$ 5,482,537
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 795,155	\$ 158	\$ 495,353	\$ 241,898
Customer deposits	500	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	795,655	158	495,353	241,898
<u>Deferred Inflows of Resources</u>				
Unavailable revenue -				
Property taxes	63,711	24,064	-	-
Fines receivable, net	9,261	-	-	-
Ambulance	28,553	-	-	-
Railroad Quiet Zone	-	-	222,450	-
Miscellaneous	2,000	-	-	-
Total Deferred Inflows	103,525	24,064	222,450	-
<u>Fund Balances</u>				
Nonspendable for:				
Prepays	101,621	-	-	-
Restricted for:				
Debt service	-	336,024	-	-
Capital improvements	-	-	5,275,339	5,240,639
Municipal court	-	-	-	-
Street maintenance	-	-	-	-
Assigned	54,000	-	-	-
Unassigned	6,546,528	-	-	-
Total Fund Balances	6,702,149	336,024	5,275,339	5,240,639
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,601,329	\$ 360,246	\$ 5,993,142	\$ 5,482,537

See Notes to Financial Statements.

Nonmajor Street Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
\$ 28,200	\$ 934,627	\$ 14,591,187
-	-	5,019,309
54,378	3,963	746,305
-	-	101,621
<u>\$ 82,578</u>	<u>\$ 938,590</u>	<u>\$ 20,458,422</u>

\$ 28	\$ 45,420	\$ 1,578,012
-	-	500
-	472,960	472,960
<u>28</u>	<u>518,380</u>	<u>2,051,472</u>

-	-	87,775
-	-	9,261
-	-	28,553
-	-	222,450
-	-	2,000
<u>-</u>	<u>-</u>	<u>350,039</u>

-	-	101,621
-	-	336,024
-	665,127	11,181,105
-	228,043	228,043
82,550	-	82,550
-	-	54,000
-	(472,960)	6,073,568
<u>82,550</u>	<u>420,210</u>	<u>18,056,911</u>
<u>\$ 82,578</u>	<u>\$ 938,590</u>	<u>\$ 20,458,422</u>



City of Sachse, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2015

Fund Balances - Total Governmental Funds	\$ 18,056,911
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	10,341,269
Capital assets - net depreciable	70,658,748
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	87,775
Fines receivable	9,261
EMS and miscellaneous receivables	30,553
Railroad Quiet Zone	222,450
Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure) until then.	
Pension contributions	646,017
Pension investment earnings	165,784
Deferred charge on refunding	1,286,476
Internal service funds are used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	201,803
Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	
Pension losses	(90,342)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(260,953)
Bond premium	(434,215)
Bond discount	14,354
Non-current liabilities due in one year	(1,416,653)
Non-current liabilities due in more than one year	(35,956,613)
Net pension liability	(2,858,674)
Net Position of Governmental Activities	\$ 60,703,951
See Notes to Financial Statements.	

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	General	Debt Service	Capital Projects	Impact Fee
<u>Revenues</u>				
Property tax	\$ 7,787,496	\$ 2,999,326	\$ -	\$ -
Sales tax	1,271,155	-	-	-
Franchise and local taxes	1,208,204	-	-	-
License, permits and fees	1,599,504	-	-	-
Intergovernmental	189,467	-	486,732	-
Grants and donations	-	-	-	-
Fines and forfeitures	268,459	-	-	-
Impact and development fees	-	-	-	1,655,483
Investment income	12,269	1,173	12,857	6,773
Other revenue	51,290	-	-	-
Total Revenues	12,387,844	3,000,499	499,589	1,662,256
<u>Expenditures</u>				
Current:				
General government	1,575,622	-	-	-
Public safety	6,290,725	-	-	-
Public works	1,781,094	-	-	-
Culture and recreation	1,269,794	-	-	-
Community development	673,506	-	-	-
Nondepartmental	493,412	-	-	-
Debt Service:				
Principal	-	1,195,000	-	-
Interest and fiscal charges	-	1,762,998	-	-
Bond issuance costs	-	177,355	-	-
Capital outlay	232,400	-	1,583,111	-
Total Expenditures	12,316,553	3,135,353	1,583,111	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	71,291	(134,854)	(1,083,522)	1,662,256
<u>Other Financing Sources (Uses)</u>				
Transfers in (out)	539,279	-	750,000	-
Proceeds from bond issuance	-	9,470,000	-	-
Premium on bonds issued	-	458,338	-	-
Payment to escrow agent	-	(9,748,373)	-	-
Total Other				
Financing Sources (Uses)	539,279	179,965	750,000	-
Net Change in Fund Balances	610,570	45,111	(333,522)	1,662,256
Beginning fund balances	6,091,579	290,913	5,608,861	3,578,383
Ending Fund Balances	\$ 6,702,149	\$ 336,024	\$ 5,275,339	\$ 5,240,639

See Notes to Financial Statements.

Nonmajor Street Maintenance	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 141,341	\$ 10,928,163
311,261	-	1,582,416
-	-	1,208,204
-	13,265	1,612,769
-	-	676,199
-	34,271	34,271
-	190,018	458,477
-	2,490	1,657,973
117	711	33,900
-	-	51,290
311,378	382,096	18,243,662
-	26,368	1,601,990
-	6,100	6,296,825
778	-	1,781,872
-	-	1,269,794
-	-	673,506
-	-	493,412
-	-	1,195,000
-	-	1,762,998
-	-	177,355
291,470	-	2,106,981
292,248	32,468	17,359,733
19,130	349,628	883,929
-	-	1,289,279
-	-	9,470,000
-	-	458,338
-	-	(9,748,373)
-	-	1,469,244
19,130	349,628	2,353,173
63,420	70,582	15,703,738
\$ 82,550	\$ 420,210	\$ 18,056,911



City of Sachse, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 2,353,173
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,092,292
Depreciation expense	(3,883,311)
Loss on disposal of asset	(12,901)

The effect of capital assets contributed to the City during the current year.	1,745,994
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,626)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	8,171
Accrued interest	(33,261)
Pension expense	49,172

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt premium	(458,338)
Net change in deferred charges on refunding	1,271,902
Amortization of debt discount	(1,109)
Amortization of debt premium	24,123
Net change in bonds payable	130,000

Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	135,315
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Change in Net Position of Governmental Activities	\$ 3,414,596
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See Notes to Financial Statements.

City of Sachse, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 2,767,445	\$ 201,828
Restricted cash - customer deposits	220,874	-
Receivables, net	2,070,174	-
Inventory	16,197	-
Total Current Assets	5,074,690	201,828
<u>Noncurrent Assets</u>		
Advances to other funds	472,960	-
Capital assets:		
Non-depreciable	805,008	-
Net depreciable capital assets	18,832,627	-
Total Noncurrent Assets	20,110,595	-
Total Assets	25,185,285	201,828
<u>Deferred Outflows of Resources</u>		
Pension contributions	41,235	-
Pension investment earnings	10,582	-
Total Deferred Outflows	51,817	-
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	922,713	25
Accrued interest	6,234	-
Customer deposits	221,545	-
Compensated absences - current	25,349	-
Bonds payable - current	105,000	-
Total Current Liabilities	1,280,841	25
<u>Noncurrent Liabilities</u>		
Compensated absences	2,817	-
Bonds payable	730,000	-
Net pension liability	182,469	-
Total Liabilities	2,196,127	25
<u>Deferred Inflows of Resources</u>		
Deferred inflows - actual experience vs. assumption	5,767	-
<u>Net Position</u>		
Net investment in capital assets	18,802,635	-
Unrestricted	4,232,573	201,803
Total Net Position	23,035,208	\$ 201,803

See Notes to Financial Statements.

City of Sachse, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2015

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
<u>Operating Revenues</u>		
Water revenue	\$ 5,237,988	\$ -
Sewer revenue	3,660,637	-
Connection and tap charges	110,385	-
Other revenue	128,559	865,980
Total Operating Revenues	9,137,569	865,980
<u>Operating Expenses</u>		
Administration	175,072	-
Personnel	463,182	730,831
Cost of water	2,972,067	-
Cost of sewer	2,187,254	-
Depreciation	1,403,958	-
Total Operating Expenses	7,201,533	730,831
Operating Income	1,936,036	135,149
<u>Nonoperating Revenues (Expenses)</u>		
Investment income	1,970	166
Interest expense	(37,238)	-
Total Nonoperating Revenues (Expenses)	(35,268)	166
Income Before Capital Contributions and Transfers	1,900,768	135,315
Contributed capital	1,233,994	-
Transfers (out)	(1,289,279)	-
Change in Net Position	1,845,483	135,315
Beginning net position	21,189,725	66,488
Ending Net Position	\$ 23,035,208	\$ 201,803

See Notes to Financial Statements.

City of Sachse, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2015

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 8,332,795	\$ 865,980
Payments to suppliers	(4,730,403)	(730,831)
Payments to employees	(640,049)	-
Net Cash Provided (Used) by Operating Activities	2,962,343	135,149
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers (out)	(1,289,279)	-
Net Cash (Used for) Noncapital Financing Activities	(1,289,279)	-
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(269,472)	-
Principal paid on debt	(100,000)	-
Interest paid on debt	(37,238)	-
Net Cash (Used for) Capital and Related Financing Activities	(406,710)	-
<u>Cash Flows from Investing Activities</u>		
Interest on investments	1,970	166
Net Cash Provided by Investing Activities	1,970	166
Net increase in Cash and Cash Equivalents	1,268,324	135,315
Beginning cash and cash equivalents	1,719,995	66,513
Ending Cash and Cash Equivalents	\$ 2,988,319	\$ 201,828
<u>Schedule of Non-cash Capital and Related Financing Activities:</u>		
Contributions of capital assets	\$ 1,233,994	\$ -

See Notes to Financial Statements.

City of Sachse, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2015

	Business-type Activities	Governmental Activities
	Water & Sewer	Internal Service Fund
<u>Reconciliation of Operating Income (Loss)</u>		
<u>to Net Cash Provided (Used) by Operating Activities</u>		
Operating Income	\$ 1,936,036	\$ 135,149
Adjustments to reconcile operating income to net cash provided:		
Depreciation	1,403,958	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(850,123)	-
Inventory	(9,087)	-
Advances	141,341	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	296,664	-
Compensated absences	1,343	-
Customer deposits	45,349	-
Deferred outflows - pension contributions	(41,235)	-
Deferred outflows - investment earnings	(10,582)	-
Deferred inflows - pension (gains) losses	5,767	-
Net pension liability	42,912	-
Net Cash Provided (Used) by Operating Activities	\$ 2,962,343	\$ 135,149

See Notes to Financial Statements.



City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sachse, Texas (the "City") was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Sachse Economic Development Corporation (the "SEDC") and the PGBT Reinvestment Zone Tax Increment Fund (the "TIF"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund

The City created the PGBT Reinvestment Zone Tax Increment Fund (the "TIF") in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the Board are citizens of Sachse. Any future debt obligations issued and backed by the

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003.

The TIF Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Discretely Presented Component Unit

Sachse Economic Development Corporation

The Sachse Economic Development Corporation (the "SEDC") serves all citizens of the City and is governed by a seven member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the SEDC seven member board to carry out the Board's administrative and policy initiatives. The SEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the SEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation 3815 Sachse Road, Sachse, Texas 75048.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, community development, and nondepartmental. This fund is considered to be a major fund.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Projects Fund

The capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds. This fund is considered to be a major fund.

Impact Fee Fund

The impact fee fund accounts for impact fees collected for specific projects related to development within the City. This fund is considered to be a major fund.

Street Maintenance Fund

The street maintenance fund is used to account for a sales tax restricted for street maintenance. The fund is not considered to be a major fund, however management has chosen to present the fund as a major fund.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Special Revenue Fund

The special revenue fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Revenue sources for this fund include donations, fines and fees, and grants. This fund is considered nonmajor for reporting purposes.

PGBT Reinvestment Zone Tax Increment Fund

The PGBT Reinvestment Zone Tax Increment Fund was created to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. This fund is considered nonmajor for reporting purposes.

The government reports the following major enterprise fund:

Water & Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

The government reports the following internal service fund:

Health Insurance Fund

This fund is used to account for health insurance benefits provided to City employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem 3 days of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, SEDC, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Three supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended, expenditures exceeded appropriations at the legal level of control and as follows:

General Fund:

City manager	\$3,057
Animal control	\$756
Streets	\$49,173
Facility maintenance	\$7,368
Parks and recreation	\$21,607

Debt Service Fund

Bond issuance costs	\$177,355
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City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Street Maintenance Fund:

Streets	\$778
Capital outlay	\$9,470

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

B. Deficit Fund Equity

At September 30, 2015, the PGBT Reinvestment Zone TIF, a nonmajor fund, has a deficit fund balance of \$472,960. The deficit will be eliminated in the future with development of the zone and issuance of new debt.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the primary government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 5,019,309	0.55

As of September 30, 2015, the Sachse EDC had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 1,003,382	0.25

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2015, the City’s investment in TexPool was rated AAAM by Standard & Poor’s.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2015, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Impact Fee	Street Maintenance	Special Revenue	Water & Sewer	Total
Property taxes	\$ 63,711	\$ 24,064	\$ -	\$ -	\$ -	\$ -	\$ 87,775
Sales tax	224,124	-	-	54,378	-	-	278,502
Franchise taxes	266,541	-	-	-	-	-	266,541
Fines	183,058	-	-	-	-	-	183,058
EMS	109,820	-	-	-	-	-	109,820
Accounts	-	-	-	-	-	1,892,215	1,892,215
Other	30,055	-	6,830	-	3,963	215,877	256,725
Allowance	(220,239)	-	-	-	-	(37,918)	(258,157)
	<u>\$ 657,070</u>	<u>\$ 24,064</u>	<u>\$ 6,830</u>	<u>\$ 54,378</u>	<u>\$ 3,963</u>	<u>\$ 2,070,174</u>	<u>\$ 2,816,479</u>

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 8,754,454	\$ 140,824	\$ -	\$ 8,895,278
Construction in progress	1,284,365	1,228,102	(1,066,476)	1,445,991
Total capital assets not being depreciated	<u>10,038,819</u>	<u>1,368,926</u>	<u>(1,066,476)</u>	<u>10,341,269</u>
Capital assets, being depreciated:				
Buildings and improvements	20,092,503	8,725	-	20,101,228
Vehicles and equipment	7,432,574	366,778	24,869	7,824,221
Infrastructure	113,022,790	2,093,857	1,014,542	116,131,189
Total capital assets being depreciated	<u>140,547,867</u>	<u>2,469,360</u>	<u>1,039,411</u>	<u>144,056,638</u>
Less accumulated depreciation				
Buildings and improvements	4,648,549	827,368	-	5,475,917
Vehicles and equipment	5,106,982	446,546	(14,164)	5,539,364
Infrastructure	59,773,212	2,609,397	-	62,382,609
Total accumulated depreciation	<u>69,528,743</u>	<u>3,883,311</u>	<u>(14,164)</u>	<u>73,397,890</u>
Net capital assets being depreciated	<u>71,019,124</u>	<u>(1,413,951)</u>	<u>1,053,575</u>	<u>70,658,748</u>
Total Capital Assets	<u><u>\$ 81,057,943</u></u>	<u><u>\$ (45,025)</u></u>	<u><u>\$ (12,901)</u></u>	<u><u>\$ 81,000,017</u></u>

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Depreciation was charged to governmental functions as follows:

General government	\$ 448,803
Public safety	518,425
Public works	2,630,343
Culture and recreation	285,740
Total Governmental Activities Depreciation Expense	\$ 3,883,311

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 346,821	\$ -	\$ -	\$ 346,821
Construction in progress	449,062	67,058	(57,933)	458,187
Total capital assets not being depreciated	795,883	67,058	(57,933)	805,008
Capital assets, being depreciated:				
Buildings and improvements	313,503	-	-	313,503
Vehicles and equipment	1,019,450	17,959	-	1,037,409
Infrastructure	42,748,003	1,418,542	57,933	44,224,478
Total capital assets being depreciated	44,080,956	1,436,501	57,933	45,575,390
Less accumulated depreciation				
Buildings and improvements	251,377	5,351	-	256,728
Vehicles and equipment	900,123	32,401	-	932,524
Infrastructure	24,187,305	1,366,206	-	25,553,511
Total accumulated depreciation	25,338,805	1,403,958	-	26,742,763
Net capital assets being depreciated	18,742,151	32,543	57,933	18,832,627
Total Capital Assets	\$ 19,538,034	\$ 99,601	\$ -	\$ 19,637,635

Depreciation was charged to business-type activities as follows:

Water	\$ 825,084
Sewer	578,874
Total Business-Type Activities Depreciation Expense	\$ 1,403,958

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 36,575,000	\$ 9,470,000	\$ (9,130,000)	\$ 36,915,000	\$ 1,325,000
Discount	(15,463)	-	1,109	(14,354)	-
Premium	-	458,338	(24,123)	434,215	-
Certificates of Obligation	470,000	-	(470,000)	-	-
Other liabilities:					
Compensated absences	466,437	86,223	(74,394)	478,266	91,653
Total Governmental Activities	<u>\$ 37,495,974</u>	<u>\$ 10,014,561</u>	<u>\$ (9,697,408)</u>	<u>\$ 37,813,127</u>	<u>\$ 1,416,653</u>
Long-term liabilities due in more than one year				<u>\$ 36,396,474</u>	
Business-Type Activities:					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 935,000	\$ -	\$ (100,000)	\$ 835,000	\$ 105,000
Other liabilities:					
Compensated absences	26,823	10,565	(9,223)	28,165	25,349
Total Business-Type Activities	<u>\$ 961,823</u>	<u>\$ 10,565</u>	<u>\$ (109,223)</u>	<u>\$ 863,165</u>	<u>\$ 130,349</u>
Long-term liabilities due in more than one year				<u>\$ 732,816</u>	
Component Unit					
Other liabilities:					
Compensated absences	\$ 453	\$ 762	\$ -	\$ 1,215	\$ 1,094
Total Component Unit	<u>\$ 453</u>	<u>\$ 762</u>	<u>\$ -</u>	<u>\$ 1,215</u>	<u>\$ 1,094</u>
Long-term liabilities due in more than one year				<u>\$ 121</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

revenues from the debt service fund as has been done in prior years. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Governmental Activities:			
2007 General obligation improvement bonds	4.0-4.15%	\$ 6,130,000	\$ 4,535,000
2009 General obligation refunding and improvement bonds	2.20-5.88%	34,560,000	22,910,000
2015 General obligation refunding and improvement bonds	2.0-4.0%	9,470,000	9,470,000
Total General Obligation Bonds		<u>50,160,000</u>	<u>36,915,000</u>
Business-type Activities:			
2007 Certificates of obligation	3.72 - 4.5%	\$ 1,530,000	\$ 835,000
Total Business-Type Activities		<u>\$ 1,530,000</u>	<u>\$ 835,000</u>

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Governmental Activities		
Year ending September 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 1,325,000	\$ 2,020,764
2017	1,400,000	1,976,017
2018	1,460,000	1,927,783
2019	1,555,000	1,874,889
2020	1,620,000	1,815,133
2021	1,685,000	1,748,614
2022	1,765,000	1,672,470
2023	1,850,000	1,587,570
2024	1,940,000	1,498,364
2025	2,030,000	1,404,158
2026	2,130,000	1,304,808
2027	2,235,000	1,199,183
2028	2,350,000	1,086,781
2029	2,010,000	977,349
2030	80,000	870,550
2031	4,260,000	740,625
2032	2,315,000	552,738
2033	2,400,000	331,909
2034	2,505,000	112,031
Total	\$ 36,915,000	\$ 24,701,732

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Business-Type Activities		
Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2016	\$ 105,000	\$ 33,194
2017	110,000	28,915
2018	115,000	24,358
2019	115,000	19,585
2020	125,000	14,483
2021	130,000	8,935
2022	135,000	3,038
Total	\$ 835,000	\$ 132,507

E. Advanced Refunding Bond

The City issued \$9,470,000 in bonds with interest rates ranging from 2.0-4.0%. The proceeds were used to refund \$470,000 of outstanding 2003 Combined Tax & Revenue certificates of obligations which had an interest rate of 3.9 – 4.2%, and to refund \$8,045,000 of outstanding 2009 general refunding and improvement bonds which had an interest rate of 5.88%. The net proceeds of \$9,748,373 (including a \$458,338 premium and after payment of \$177,355 in underwriting fees and other issuance costs) were used to refund the original bond holders. As a result, the liability for those bonds has been removed from the statement of net position. The difference between the reacquisition price and the net carrying amount of the old debt is \$1,343,373. This difference is being charged to operations through the year 2034 using the effective-interest method. The result is a reduction in total debt service payments over 19 years of \$2,004,645 and to obtain an economic gain of \$1,478,609.

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2010 and 2015 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled \$1,286,476. Current year amortization expense for governmental activities totaled \$71,471.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

G. Interfund Transactions

Transfers between the primary government funds during the 2015 year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General	Capital Projects	\$ 750,000
Water & Sewer	General	1,289,279
	Total	<u><u>\$ 2,039,279</u></u>

Transfers from the water and sewer fund were made for operations support costs borne by the general fund. Transfers from the general fund to the capital projects fund were made for construction projects.

The compositions of interfund balances as of year end were as follows:

<u>Funds</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
PGBT Reinvestment Zone		
Water & Sewer	\$ -	\$ 472,960
Water & Sewer		
PGBT Reinvestment Zone	472,960	-
	<u><u>\$ 472,960</u></u>	<u><u>\$ 472,960</u></u>

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt.

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

H. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

	Governmental Activities	Sachse EDC
Restricted for:		
Debt service	\$ 336,024	\$ -
Capital improvements	11,181,105	-
* Municipal court	228,043	-
* Street maintenance	82,550	-
Economic development	-	4,194,199
Total	\$ 11,827,722	\$ 4,194,199

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City of Sachse, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2015

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City is currently involved in a lawsuit with estimated damage claims in excess of \$10 million dollars. The City estimates it has a 70% chance of prevailing in this case and that this loss contingency is reasonably possible, but not probable.

C. Construction Commitments

The government has active construction projects as of September 30, 2015. The projects include street construction and improvements and the construction of additional water lines and repairs. At year end the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Government Activities:		
Sachse Quiet Zone	\$ 275,426	\$ 48,570
Roanch Road - Harlan to Clearmeadow	588,333	34,439
P-25 Digital Radio Upgrade	-	342,981
Total	\$ 863,759	\$ 425,990

D. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Sachse participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System

City of Sachse, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2015

with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2014</u>	<u>Plan Year 2015</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	104
Active employees	130
Total	280

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Sachse were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Sachse were 11.77% and 13.22% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$891,511, and were equal to the required contributions.

4. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

City of Sachse, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2015

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balance at 12/31/13	\$ 20,149,655	\$ 17,249,295	\$ 2,900,360
Changes for the year:			
Service Cost	1,042,550	-	1,042,550
Interest	1,430,625	-	1,430,625
Difference between expected and actual experience	(127,842)	-	(127,842)
Contributions – employer	-	770,437	(770,437)
Contributions – employee	-	458,268	(458,268)
Net investment income	-	986,994	(986,994)
Benefit payments, including refunds of emp. contributions	(466,852)	(466,852)	-
Administrative expense	-	(10,302)	10,302
Other changes	-	(847)	847
Net changes	1,878,481	1,737,698	140,783
Balance at 12/31/14	<u>\$ 22,028,136</u>	<u>\$ 18,986,993</u>	<u>\$ 3,041,143</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
\$ 6,862,083	\$ 3,041,143	\$ (9,490)

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 96,109
Difference between projected and investment earnings	176,366	-
Contributions subsequent to the measurement date	687,252	-
Total	\$ 863,618	\$ 96,109

The City reported \$687,252 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2015	\$ 12,358
2016	12,358
2017	12,358
2018	43,183
Thereafter	\$ -
Total	80,257

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2014	Plan Year 2015
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$2,059, \$1,936 and \$1,334, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2013	0.01%	0.01%	100.0%
2014	0.02%	0.02%	100.0%
2015	0.02%	0.02%	100.0%

City of Sachse, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

E. Restatement

The City has restated beginning fund balance/net position within governmental and business type activities due to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and to correct accumulated depreciation on capital assets. The restatement of beginning net position/fund balance is as follows:

	<u>Capital Projects Fund</u>	<u>Governmental Activities</u>	<u>Water & Sewer</u>	<u>Business-Type Activities</u>
Prior year ending net position				
fund balance as reported	\$ 5,902,418	\$ 59,326,916	\$ 21,329,282	\$ 21,335,154
Change in presentation of internal service fund	-	5,872	-	(5,872)
Adoption of GASB 68	-	(2,186,387)	(139,557)	(139,557)
Correction of construction in project item	(293,557)	-	-	-
Correction of accumulated depreciation	-	142,954	-	-
Restated beginning net position/fund balance	<u>\$ 5,608,861</u>	<u>\$ 57,289,355</u>	<u>\$ 21,189,725</u>	<u>\$ 21,189,725</u>

F. Subsequent Events

There were no material subsequent events through February 16, 2016, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 7,700,541	\$ 7,700,541	\$ 7,787,496	\$ 86,955
Sales tax	1,184,444	1,184,444	1,271,155	86,711
Franchise and local taxes	1,096,073	1,174,073	1,208,204	34,131
License, permits and fees	1,138,547	1,138,547	1,599,504	460,957
Intergovernmental	173,852	173,852	189,467	15,615
Fines and forfeitures	250,000	250,000	268,459	18,459
Investment income	5,000	5,000	12,269	7,269
Other revenue	34,875	54,875	51,290	(3,585)
Total Revenues	11,583,332	11,681,332	12,387,844	706,512
<u>Expenditures</u>				
Current:				
General government				
City manager	345,708	407,133	410,190	(3,057) *
City secretary	169,012	189,827	173,718	16,109
Human resources	292,304	292,304	274,796	17,508
Finance	552,435	561,910	543,496	18,414
Municipal court	185,400	185,400	173,422	11,978
Public safety				
Police	3,718,914	3,604,414	3,574,585	29,829
Animal control	177,471	177,471	178,227	(756) *
Fire and ambulance	2,569,257	2,569,257	2,537,913	31,344
Public works				
Streets	1,057,273	1,065,773	1,114,946	(49,173) *
Facility maintenance	358,647	378,647	386,015	(7,368) *
City engineer	290,568	290,568	280,133	10,435
Culture and recreation				
Parks and recreation	873,087	853,087	874,694	(21,607) *
Seniors	115,061	117,561	115,741	1,820
Library services	277,083	286,608	279,359	7,249
Community development	677,969	701,469	673,506	27,963
Nondepartmental	531,690	531,690	493,412	38,278
Capital outlay	227,300	288,300	232,400	55,900
Total Expenditures	12,419,179	12,501,419	12,316,553	184,866
Revenues Over (Under)	(835,847)	(820,087)	71,291	891,378

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2015

	Original Budget	Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,239,193	1,239,193	1,289,279	50,086
Transfers (out)	(300,000)	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	<u>939,193</u>	<u>489,193</u>	<u>539,279</u>	<u>50,086</u>
Net Change in Fund Balance	<u>\$ 103,346</u>	<u>\$ (330,894)</u>	610,570	<u>\$ 941,464</u>
Beginning fund balance			<u>6,091,579</u>	
Ending Fund Balance			<u>\$ 6,702,149</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 2. Expenditures exceeded appropriations at the legal level of control.

City of Sachse, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For the Year Ended September 30, 2015

	2014	¹
Total pension liability		
Service cost	\$ 1,042,550	
Interest	1,430,625	
Changes in benefit terms	-	
Differences between expected and actual experience	(127,842)	
Changes of assumptions	-	
Benefit payments, including refunds of participant contributions	(466,852)	
Net change in total pension liability	1,878,481	
Total pension liability - beginning	\$ 20,149,655	
Total pension liability - ending (a)	\$ 22,028,136	
Plan fiduciary net position		
Contributions - employer	\$ 770,437	
Contributions - members	458,268	
Net investment income	986,994	
Benefit payments, including refunds of participant contributions	(466,852)	
Administrative expenses	(10,302)	
Other	(847)	
Net change in plan fiduciary net position	1,737,698	
Plan fiduciary net position - beginning	17,249,295	
Plan fiduciary net position - ending (b)	\$ 18,986,993	
Fund's net pension liability - ending (a) - (b)	\$ 3,041,143	
 Plan fiduciary net position as a percentage of the total pension liability	 86.19%	
Covered employee payroll	\$ 6,546,680	
Fund's net position as a percentage of covered employee payroll	46.45%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Sachse, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2015

	<u>12/31/2014</u> ¹
Actuarially determined employer contributions	\$ 770,437
Contributions in relation to the actuarially determined contribution	\$ 770,437
Contribution deficiency (excess)	\$ -
Annual covered employee payroll	\$ 6,546,680
Employer contributions as a percentage of covered employee payroll	11.77%

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes

There were no benefit changes during the year.



OTHER SUPPLEMENTARY INFORMATION

City of Sachse, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Special Revenue	PGBT Reinvestment Zone	Total Nonmajor Governmental
<u>Assets</u>			
Cash and cash equivalents	\$ 934,627	\$ -	\$ 934,627
Receivables, net	3,963	-	3,963
Total Assets	<u>938,590</u>	<u>-</u>	<u>938,590</u>
<u>Liabilities</u>			
Liabilities			
Accounts payable	45,420	-	45,420
Advances from other funds	-	472,960	472,960
Total Liabilities	<u>45,420</u>	<u>472,960</u>	<u>518,380</u>
<u>Fund Balances</u>			
Restricted	893,170	-	893,170
Unassigned	-	(472,960)	(472,960)
Total Fund Balances	<u>893,170</u>	<u>(472,960)</u>	<u>420,210</u>
Total Liabilities and Fund Balances	<u>\$ 938,590</u>	<u>\$ -</u>	<u>\$ 938,590</u>

Notes to Required Supplementary Information

City of Sachse, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2015

	Special Revenue	PGBT Reinvestment Zone	Total Nonmajor Governmental
<u>Revenues</u>			
Property tax	\$ -	\$ 141,341	\$ 141,341
License, permits and fees	13,265	-	13,265
Grants and donations	34,271	-	34,271
Fines and forfeitures	190,018	-	190,018
Impact and development fees	2,490	-	2,490
Investment income	711	-	711
Total Revenues	240,755	141,341	382,096
<u>Expenditures</u>			
Current:			
General government	26,368	-	26,368
Public safety	6,100	-	6,100
Total Expenditures	32,468	-	32,468
Net Change in Fund Balances	208,287	141,341	349,628
Beginning fund balances	684,883	(614,301)	70,582
Ending Fund Balances	\$ 893,170	\$ (472,960)	\$ 420,210

See Notes to Financial Statements.

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended September 30, 2015

	Original & Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 2,964,058	\$ 2,999,326	\$ 35,268
Investment income	1,500	1,173	(327)
Total Revenues	2,965,558	3,000,499	34,941
<u>Expenditures</u>			
Debt service:			
Principal	1,195,000	1,195,000	-
Interest	1,763,191	1,762,998	193
Bond issuance costs	-	177,355	(177,355) *
Total Expenditures	2,958,191	3,135,353	(177,162)
Revenues Over (Under) Expenditures	7,367	(134,854)	212,103
<u>Other Financing Sources (Uses)</u>			
Proceeds from bond issuance	-	9,470,000	(9,470,000)
Premium on bonds issued	-	458,338	(458,338)
Payment to escrow agent	-	(9,748,373)	9,748,373
Total Other Financing Sources (Uses)	-	179,965	(179,965)
Net Change in Fund Balance	\$ 7,367	45,111	\$ 37,744
Beginning fund balance		290,913	
Ending Fund Balance		\$ 336,024	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 2. Expenditures exceeded appropriations at the legal level of control.

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL IMPACT FEE FUND

For the Year Ended September 30, 2015

	Original & Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Impact and development fees	\$ 250,000	\$ 1,655,483	\$ 1,405,483
Investment income	4,000	6,773	2,773
Total Revenues	<u>254,000</u>	<u>1,662,256</u>	<u>1,408,256</u>
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(885,000)	-	885,000
Total Other Financing Sources (Uses)	<u>(885,000)</u>	<u>-</u>	<u>885,000</u>
Net Change in Fund Balance	<u>\$ (631,000)</u>	<u>1,662,256</u>	<u>\$ 2,293,256</u>
Beginning fund balance		<u>3,578,383</u>	
Ending Fund Balance		<u>\$ 5,240,639</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET MAINTENANCE FUND For the Year Ended September 30, 2015

	Original & Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Sales tax	\$ 291,611	\$ 311,261	\$ 19,650
Investment income	200	117	(83)
Total Revenues	<u>291,811</u>	<u>311,378</u>	<u>19,567</u>
<u>Expenditures</u>			
Public works			
Streets	-	778	(778) *
Capital outlay	282,000	291,470	(9,470) *
Total Expenditures	<u>282,000</u>	<u>292,248</u>	<u>(10,248)</u>
Net Change in Fund Balance	<u>\$ 9,811</u>	19,130	<u>\$ 9,319</u>
Beginning fund balance		<u>63,420</u>	
Ending Fund Balance		<u>\$ 82,550</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 2. Expenditures exceeded appropriations at the legal level of control.

City of Sachse, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUND

For the Year Ended September 30, 2015

	Original & Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
License, permits and fees	\$ 10,000	\$ 13,265	\$ 3,265
Grants and donations	-	34,271	34,271
Fines and forfeitures	75,500	190,018	114,518
Impact and development fees	-	2,490	2,490
Investment income	800	711	(89)
Total Revenues	86,300	240,755	154,455
<u>Expenditures</u>			
General government			
City manager	52,000	-	52,000
Municipal court	57,000	26,368	30,632
Public safety			
Police	3,000	-	3,000
Animal control	5,000	-	5,000
Fire and ambulance	12,500	6,100	6,400
Total Expenditures	129,500	32,468	97,032
<u>Other Financing Sources (Uses)</u>			
Transfers (Out)	(100,000)	-	100,000
Total Other Financing Sources (Uses)	(100,000)	-	100,000
Net Change in Fund Balance	\$ (143,200)	208,287	\$ 351,487
Beginning fund balance		684,883	
Ending Fund Balance		\$ 893,170	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
SACHSE ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2015

	Original & Final Budget	2015 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Sales tax	\$ 583,222	\$ 622,305	\$ 39,083
Grants and donations	-	-	-
Investment income	7,500	8,650	1,150
Other income	-	1,000	1,000
Total Revenues	590,722	631,955	41,233
<u>Expenses</u>			
Community development	586,320	946,051	(359,731)
Total Expenses	586,320	946,051	(359,731)
Change in Net Position	\$ 4,402	(314,096)	\$ (318,498)
Beginning net position		4,508,295	
Ending Net Position		\$ 4,194,199	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Sachse, Texas
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
September 30, 2015

	Health Insurance
<u>Assets</u>	
Cash and cash equivalents	\$ 201,828
Receivables, net	-
Total Assets	201,828
<u>Liabilities</u>	
Accounts payable	25
Total Liabilities	25
<u>Net Position</u>	
Unrestricted	201,803
Total Net Position	\$ 201,803

Notes to Financial Statements.

City of Sachse, Texas
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For the Year Ended September 30, 2015

	<u>Health Insurance</u>
<u>Operating Revenues</u>	
Charges for services	\$ 865,980
Total Operating Revenues	<u>865,980</u>
<u>Operating Expenses</u>	
Health insurance:	730,831
Total Operating Expenses	<u>730,831</u>
Operating Income	135,149
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	<u>166</u>
Total Nonoperating Revenues (Expenses)	<u>166</u>
Change in Net Position	135,315
Beginning net position	<u>66,488</u>
Ending Net Position	<u><u>\$ 201,803</u></u>

See Notes to Financial Statements.

City of Sachse, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Year Ended September 30, 2015

	Health Insurance
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 865,980
Payments to suppliers	(730,831)
Net Cash (Used for) Operating Activities	135,149
<u>Cash Flows from Investing Activities</u>	
Interest on investments	166
Net Cash Provided by Investing Activities	166
Net Increase in Cash and Cash Equivalents	135,315
Beginning cash and cash equivalents	66,488
Ending Cash and Cash Equivalents	\$ 201,803

See Notes to Financial Statements.



STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends	96
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	104
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	114
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	119
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	121
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Sachse, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
Net investment in				
capital assets	\$ 44,754,561	\$ 45,783,623	\$ 46,034,267	\$ 39,684,306
Restricted	139,988	1,079,709	5,803,620	6,450,181
Unrestricted	4,066,074	4,751,835	916,963	3,466,887
Total Governmental				
Activities Net Position	<u><u>\$ 48,960,623</u></u>	<u><u>\$ 51,615,167</u></u>	<u><u>\$ 52,754,850</u></u>	<u><u>\$ 49,601,374</u></u>
Business-type Activities				
Net investment in				
capital assets	\$ 15,844,099	\$ 17,526,144	\$ 17,732,575	\$ 18,430,141
Unrestricted	4,448,263	4,258,302	4,516,759	4,071,282
Total Business-type				
Activities Net Position	<u><u>\$ 20,292,362</u></u>	<u><u>\$ 21,784,446</u></u>	<u><u>\$ 22,249,334</u></u>	<u><u>\$ 22,501,423</u></u>
Primary Government				
Net investment in				
capital assets	\$ 60,598,660	\$ 63,309,767	\$ 63,766,842	\$ 58,114,447
Restricted	139,988	1,079,709	5,803,620	6,450,181
Unrestricted	8,514,337	9,010,137	5,433,722	7,538,169
Total Primary Government				
Net Position	<u><u>\$ 69,252,985</u></u>	<u><u>\$ 73,399,613</u></u>	<u><u>\$ 75,004,184</u></u>	<u><u>\$ 72,102,797</u></u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 39,406,692	\$ 36,887,507	\$ 36,691,052	\$ 37,377,384	\$ 48,982,879	\$ 49,395,981
4,351,532	5,622,243	12,723,690	14,002,442	9,721,020	11,827,722
3,306,201	3,560,788	2,628,448	3,436,221	(1,414,544)	(519,752)
<u>\$ 47,064,425</u>	<u>\$ 46,070,538</u>	<u>\$ 52,043,190</u>	<u>\$ 54,816,047</u>	<u>\$ 57,289,355</u>	<u>\$ 60,703,951</u>
\$ 17,765,521	\$ 16,769,366	\$ 16,223,230	\$ 16,169,507	\$ 18,603,126	\$ 18,802,635
3,602,007	3,051,716	3,442,913	2,600,084	2,586,599	4,232,573
<u>\$ 21,367,528</u>	<u>\$ 19,821,082</u>	<u>\$ 19,666,143</u>	<u>\$ 18,769,591</u>	<u>\$ 21,189,725</u>	<u>\$ 23,035,208</u>
\$ 57,172,213	\$ 53,656,873	\$ 52,914,282	\$ 53,546,891	\$ 67,586,005	\$ 68,198,616
4,351,532	5,622,243	12,723,690	14,002,442	9,721,020	11,827,722
6,908,208	6,612,504	6,071,361	6,036,305	1,172,055	3,712,821
<u>\$ 68,431,953</u>	<u>\$ 65,891,620</u>	<u>\$ 71,709,333</u>	<u>\$ 73,585,638</u>	<u>\$ 78,479,080</u>	<u>\$ 83,739,159</u>

City of Sachse, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 2,046,546	\$ 1,165,132	\$ 2,061,008	\$ 2,306,206
Public safety	3,904,491	4,735,242	5,122,627	5,196,405
Public works	3,652,686	3,334,704	3,467,466	5,322,948
Culture and recreation	811,641	1,033,235	1,162,603	1,365,603
Community development	658,666	1,231,869	8,819,061	617,616
Interest and fiscal charges	235,890	217,332	207,484	1,463,452
Total governmental activities	11,309,920	11,717,514	20,840,249	16,272,230
Business-type activities:				
Water and sewer	4,616,233	4,640,582	5,003,566	5,487,160
Total business-type activities	4,616,233	4,640,582	5,003,566	5,487,160
Total primary government	\$ 15,926,153	\$ 16,358,096	\$ 25,843,815	\$ 21,759,390
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 679,877	\$ 472,491	\$ 441,333	\$ 334,331
Public safety	793,118	883,435	713,814	500,042
Public works	185,928	129,384	111,109	83,002
Culture and recreation	49,412	47,779	109,031	71,839
Community development	498,279	288,518	176,360	136,128
Operating grants and contributions	27,540	149,774	401,576	124,155
Capital grants and contributions	4,141,707	2,478,539	1,373,884	78,763
Total governmental activities	6,375,861	4,449,920	3,327,107	1,328,260
Business-type activities:				
Charges for services:				
Water and sewer	4,429,192	5,218,473	4,384,868	4,866,712
Operating grants and contributions	55,299	-	-	-
Capital grants and contributions	1,514,799	741,816	1,900,735	909,613
Total business-type activities	5,999,290	5,960,289	6,285,603	5,776,325
Total primary government	\$ 12,375,151	\$ 10,410,209	\$ 9,612,710	\$ 7,104,585
Net (Expense)/Revenue				
Governmental activities	\$ (4,934,059)	\$ (7,267,594)	\$ (17,513,142)	\$ (14,943,970)
Business-type activities	1,383,057	1,319,707	1,282,037	289,165
Total primary government	\$ (3,551,002)	\$ (5,947,887)	\$ (16,231,105)	\$ (14,654,805)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,234,555	\$ 2,650,864	\$ 2,914,720	\$ 2,837,444	\$ 2,332,316	\$ 2,330,847
5,529,604	5,990,913	5,609,669	5,858,865	6,176,967	6,854,653
5,182,386	3,489,615	3,413,399	3,654,946	3,914,293	4,415,483
1,234,883	1,343,744	1,354,401	1,359,697	1,427,948	1,557,475
630,764	627,009	522,175	591,605	616,439	677,184
1,932,003	1,910,952	1,877,579	1,829,322	1,802,117	2,022,071
<u>16,744,195</u>	<u>16,013,097</u>	<u>15,691,943</u>	<u>16,131,879</u>	<u>16,270,080</u>	<u>17,857,713</u>
5,952,236	6,645,238	6,474,428	6,241,148	6,590,497	7,238,771
<u>5,952,236</u>	<u>6,645,238</u>	<u>6,474,428</u>	<u>6,241,148</u>	<u>6,590,497</u>	<u>7,238,771</u>
<u>\$ 22,696,431</u>	<u>\$ 22,658,335</u>	<u>\$ 22,166,371</u>	<u>\$ 22,373,027</u>	<u>\$ 22,860,577</u>	<u>\$ 25,096,484</u>
\$ 63,958	\$ 88,284	\$ 99,268	\$ 24,005	\$ 13,702	\$ 10,750
508,356	475,200	569,403	791,140	952,056	871,054
91,740	2,997	-	975,880	1,458,819	1,216,081
70,160	70,676	-	-	-	-
361,538	376,788	672,699	717,682	1,055,577	1,804,213
128,218	146,815	7,414,865	763,815	7,587	521,003
272,333	293,001	733,599	927,450	5,054,515	1,745,994
<u>1,496,303</u>	<u>1,453,761</u>	<u>9,489,834</u>	<u>4,199,972</u>	<u>8,542,256</u>	<u>6,169,095</u>
4,863,884	5,273,953	7,029,639	3,480,154	6,866,641	9,137,569
-	-	-	-	-	-
1,127,986	385,859	477,579	5,062,102	2,019,038	1,233,994
<u>5,991,870</u>	<u>5,659,812</u>	<u>7,507,218</u>	<u>8,542,256</u>	<u>8,885,679</u>	<u>10,371,563</u>
<u>\$ 7,488,173</u>	<u>\$ 7,113,573</u>	<u>\$ 16,997,052</u>	<u>\$ 12,742,228</u>	<u>\$ 17,427,935</u>	<u>\$ 16,540,658</u>
\$ (15,247,892)	\$ (14,559,336)	\$ (6,202,109)	\$ (11,931,907)	\$ (7,727,824)	\$ (11,688,618)
39,634	(985,426)	1,032,790	2,301,108	2,295,182	3,132,792
<u>\$ (15,208,258)</u>	<u>\$ (15,544,762)</u>	<u>\$ (5,169,319)</u>	<u>\$ (9,630,799)</u>	<u>\$ (5,432,642)</u>	<u>\$ (8,555,826)</u>

City of Sachse, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues				
Governmental activities:				
Taxes:				
Property taxes	\$ 5,204,772	\$ 5,790,305	\$ 6,345,254	\$ 7,304,775
Sales and other taxes	1,735,286	3,310,322	11,375,482	3,537,454
Investment earnings	388,712	367,476	390,571	420,591
Other income	179,142	86,890	89,725	113,067
Transfers, net	263,260	367,145	451,792	414,607
Total governmental activities	<u>7,771,172</u>	<u>9,922,138</u>	<u>18,652,824</u>	<u>11,790,494</u>
Business-type activities:				
Investment earnings	144,682	204,514	143,922	64,398
Other Income	-	9,694	-	-
Transfers, net	(263,260)	(367,145)	(451,792)	(414,607)
Total business-type activities	<u>(118,578)</u>	<u>(152,937)</u>	<u>(307,870)</u>	<u>(350,209)</u>
Total primary government	<u><u>\$ 7,652,594</u></u>	<u><u>\$ 9,769,201</u></u>	<u><u>\$ 18,344,954</u></u>	<u><u>\$ 11,440,285</u></u>
 Change in Net Position				
Governmental activities	\$ 2,837,113	\$ 2,654,544	\$ 1,139,682	\$ (3,153,476)
Business-type activities	1,264,479	1,166,770	974,167	(61,044)
Total primary government	<u><u>\$ 4,101,592</u></u>	<u><u>\$ 3,821,314</u></u>	<u><u>\$ 2,113,849</u></u>	<u><u>\$ (3,214,520)</u></u>

2010	2011	2012	2013	2014	2015
\$ 8,526,042	\$ 8,614,447	\$ 9,476,356	\$ 9,560,239	\$ 9,951,685	\$ 10,938,125
2,965,927	3,735,391	1,786,926	1,873,822	2,390,224	2,790,620
279,896	50,297	35,398	30,518	30,724	33,900
75,326	5,473	30,161	80,843	280,569	51,290
863,752	1,159,841	1,177,341	1,252,689	(263,672)	1,289,279
12,710,943	13,565,449	12,506,182	12,798,111	12,389,530	15,103,214
22,281	3,010	2,985	3,934	837	1,970
-	3,069	-	51,290	-	-
(863,752)	(1,159,841)	(1,177,341)	(1,252,689)	263,672	(1,289,279)
(841,471)	(1,153,762)	(1,174,356)	(1,197,465)	264,509	(1,287,309)
\$ 11,869,472	\$ 12,411,687	\$ 11,331,826	\$ 11,600,646	\$ 12,654,039	\$ 13,815,905
\$ (2,536,949)	\$ (993,887)	\$ 6,304,073	\$ 866,204	\$ 4,661,706	\$ 3,414,596
(801,837)	(2,139,188)	(141,566)	1,103,643	2,559,691	1,845,483
\$ (3,338,786)	\$ (3,133,075)	\$ 6,162,507	\$ 1,969,847	\$ 7,221,397	\$ 5,260,079

City of Sachse, Texas
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund:				
Reserved	\$ 29,384	\$ 6,407	\$ 17,752	\$ 1,694
Unreserved	2,625,205	3,356,380	3,222,355	3,344,798
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 2,654,589</u>	<u>\$ 3,362,787</u>	<u>\$ 3,240,107</u>	<u>\$ 3,346,492</u>
 All other governmental funds:				
Reserved for:				
Debt service	\$ 153,727	\$ 210,945	\$ 262,835	\$ -
Unreserved, reported in:				
Special revenue funds	1,221,237	1,397,433	1,262,603	379,137
Debt service	-	-	-	(690,180)
Capital projects funds	1,524,830	861,417	5,603,353	32,400,420
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 2,899,794</u>	<u>\$ 2,469,795</u>	<u>\$ 7,128,791</u>	<u>\$ 32,089,377</u>

Note: The City implemented GASB Statement 54 in fiscal year 2011.

2010	2011	2012	2013	2014	2015
\$ 49,815	\$ -	\$ -	\$ -	\$ -	\$ -
3,051,597	-	-	-	-	-
-	14,716	324,106	28,231	72,675	101,621
-	-	-	-	450,000	54,000
-	3,194,885	3,490,845	4,631,243	5,568,904	6,546,528
<u>\$ 3,101,412</u>	<u>\$ 3,209,601</u>	<u>\$ 3,814,951</u>	<u>\$ 4,659,474</u>	<u>\$ 6,091,579</u>	<u>\$ 6,702,149</u>

\$ 574,621	\$ -	\$ -	\$ -	\$ -	\$ -
235,652	-	-	-	-	-
-	-	-	-	-	-
14,410,810	-	-	-	-	-
-	14,330,073	12,723,690	14,002,442	10,226,460	11,827,722
-	578,537	-	-	-	-
-	(1,129,437)	(711,923)	(707,251)	(614,301)	(472,960)
<u>\$ 15,221,083</u>	<u>\$ 13,779,173</u>	<u>\$ 12,011,767</u>	<u>\$ 13,295,191</u>	<u>\$ 9,612,159</u>	<u>\$ 11,354,762</u>

City of Sachse, Texas

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2006	2007	2008	2009
Revenues				
Property taxes	\$ 5,304,854	\$ 5,829,802	\$ 6,334,180	\$ 7,305,974
Sales and other taxes	1,735,286	3,350,242	3,212,532	3,537,454
Licenses, permits, & fees	1,246,398	1,273,438	931,515	782,354
Grants and contributions	59,117	215,827	480,554	130,534
Fines and forfeitures	574,093	491,411	470,339	342,592
Impact and development fees	129,360	249,037	198,673	72,578
Investment income	388,712	367,476	390,571	420,591
Other revenue	175,846	116,422	109,058	130,928
Total Revenues	9,613,666	11,893,655	12,127,422	12,723,005
Expenditures				
General government	1,181,981	1,146,484	1,136,248	1,295,664
Public safety	3,823,814	4,395,529	4,859,573	4,912,048
Public works	1,344,793	1,300,255	1,207,999	1,263,757
Culture and recreation	853,422	916,667	1,569,532	4,567,958
Community development	636,328	1,219,360	640,446	611,220
Nondepartmental	843,533	-	905,125	989,802
Debt service				
Principal	495,840	387,456	400,468	599,591
Interest	239,050	217,332	201,334	1,202,984
Bond issuance costs	-	-	104,308	301,417
Capital outlay	1,396,203	2,405,561	3,029,163	4,118,191
Total Expenditures	10,814,964	11,988,644	14,054,196	19,862,632
Revenues Over (Under) Expenditures	(1,201,298)	(94,989)	(1,926,774)	(7,139,627)
Other Financing Sources (Uses)				
Transfers in	293,187	378,448	537,435	456,521
Transfers (out)	(82,255)	(115,188)	(170,290)	(4,729)
Debt issued	89,280	150,000	-	6,130,000
Premium on bonds issued	-	-	-	51,518
Discount on bonds issued	-	-	-	(70,219)
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	-	164,950	6,043	-
Total Other Financing Sources	300,212	578,210	373,188	6,563,091
Net Change in Fund Balances	\$ (901,086)	\$ 483,221	\$ (1,553,586)	\$ (576,536)
Ratio of total debt service expenditures to noncapital expenditures	8%	6%	6%	13%

2010	2011	2012	2013	2014	2015
\$ 8,528,384	\$ 8,600,635	\$ 9,477,053	\$ 9,568,319	\$ 9,944,708	\$ 10,928,163
2,965,927	4,031,480	1,786,926	1,873,822	2,390,224	2,790,620
775,583	690,092	967,914	1,338,304	1,830,459	1,612,769
314,184	387,770	7,414,865	941,473	183,780	710,470
302,285	315,807	368,027	430,191	556,379	458,477
86,367	52,046	54,069	569,111	910,006	1,657,973
279,896	50,297	35,398	30,518	30,669	33,900
89,991	28,301	30,161	80,843	280,569	51,290
13,342,617	14,156,428	20,134,413	14,832,581	16,126,794	18,243,662
1,185,963	1,274,628	1,289,341	1,260,611	1,313,993	1,601,990
5,143,852	5,374,003	5,011,291	5,470,231	5,278,726	6,274,349
1,360,400	1,309,120	1,300,324	1,470,995	1,344,008	1,781,872
1,078,422	1,098,286	1,109,565	1,140,846	1,114,822	1,269,794
625,773	623,017	518,934	588,698	569,864	673,506
1,025,096	1,063,452	1,094,219	1,112,937	437,015	493,412
730,000	865,000	945,000	1,035,000	1,125,000	1,195,000
1,918,372	1,891,787	1,862,385	1,831,270	1,799,446	1,762,998
573	573	-	-	-	177,355
18,492,611	3,187,154	9,342,751	1,538,289	4,141,606	2,129,457
31,561,062	16,687,020	22,473,810	15,448,877	17,124,480	17,359,733
(18,218,445)	(2,530,592)	(2,339,397)	(616,296)	(997,686)	883,929
589,661	2,233,667	1,642,521	2,739,122	1,708,777	1,289,279
(175,054)	(1,369,915)	(778,769)	(1,561,781)	(2,668,521)	-
34,560,000	-	-	-	-	9,470,000
411,052	-	-	-	-	458,338
(415,403)	-	-	-	-	-
(2,624,122)	-	-	-	-	(9,748,373)
1,783	-	-	-	-	-
32,347,917	863,752	863,752	1,177,341	(959,744)	1,469,244
\$ 14,129,472	\$ (1,666,840)	\$ (1,475,645)	\$ 561,045	\$ (1,957,430)	\$ 2,353,173

20%

20%

21%

21%

23%

21%



City of Sachse, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 1,056,846,756	\$ 25,655,260	\$ 55,782,708	\$ 1,026,719,308	0.55832
2007	1,159,232,775	27,492,978	54,164,913	1,132,560,840	0.55832
2008	1,230,433,837	30,098,392	56,599,871	1,203,932,358	0.55832
2009	1,247,325,789	31,837,705	65,308,411	1,213,855,083	0.55341
2010	1,269,254,588	28,781,053	104,232,665	1,193,802,976	0.61000
2011	1,296,895,777	29,326,411	92,056,890	1,234,165,298	0.70582
2012	1,305,838,280	29,242,328	96,519,435	1,238,561,173	0.70582
2013	1,320,191,067	30,495,096	101,886,747	1,248,799,416	0.77082
2014	1,373,728,433	31,359,625	104,461,852	1,300,626,206	0.77082
2015	1,494,745,899	37,218,335	107,372,189	1,424,592,045	0.77082

Note: Tax rates per \$100 of assessed valuation.

Source: City of Sachse Budget Document.

Dallas & Collin Central Appraisal Districts.

City of Sachse, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2006	2007	2008	2009
Direct Rates:				
City of Sachse - Operating	0.48120	0.48116	0.49758	0.51389
City of Sachse - Debt Service	0.07716	0.07716	0.05582	0.09611
Total Direct Rate	0.55836	0.55832	0.55341	0.61000
Overlapping Rates:				
Garland Independent School District	1.67010	1.54490	1.25330	1.25330
Dallas County	0.55480	0.55393	0.56721	0.57643
Total Dallas County Entities	2.22490	2.09883	1.82051	1.82973
Wylie Independent School District	1.81700	1.70250	1.39000	1.51000
Collin County	0.33942	0.33270	0.33198	0.32899
Total Collin County Entities	2.15642	2.03520	1.72198	1.83899

Tax rates per \$100 of assessed valuation.

Source: Dallas & Collin Central Appraisal Districts and City records.

2010	2011	2012	2013	2014	2015
0.51389	0.53389	0.59889	0.59889	0.55903	0.57228
0.19193	0.17193	0.17193	0.17193	0.21179	0.18500
0.70582	0.70582	0.77082	0.77082	0.77082	0.75728
1.25330	1.25330	1.25330	1.25330	1.25330	1.35330
0.60221	0.62333	0.62377	0.62377	0.65388	0.66275
1.85551	1.87663	1.87707	1.87707	1.90718	2.01605
1.59000	1.64000	1.64000	1.64000	1.64000	1.64000
0.32880	0.32630	0.32630	0.32630	0.31696	0.30696
1.91880	1.96630	1.96630	1.96630	1.95696	1.94696



City of Sachse, Texas
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Property Tax Payer	2015			2006		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Wal-mart Stores - Collin Co	\$ 23,511,841	1	1.65%	\$ -	-	-
Western Rim Investors	21,886,593	2	1.54%	-	-	-
LIPT Oak Grove LLC	17,753,820	3	1.25%	-	-	-
Woodbridge Villas LLC	15,304,609	4	1.07%	13,394,928	1	-
Oncor Electric	5,505,150	5	0.39%	-	-	-
D R Horton - Texas LTD	5,176,112	6	0.36%	-	-	-
Oxford Sachse Memory Care	3,487,710	7	0.24%	-	-	-
Verizon	3,384,990	8	0.24%	-	-	-
Kroger	3,335,590	9	0.23%	-	-	0.00%
Wal-Mart Stores - Dallas Co	3,221,920	10	0.23%	-	-	-
Realty Assoc Iowa Corp	-	n/a	0.00%	9,018,088	2	-
Texas Utilities Elec Co	-	na	-	5,277,730	3	0.51%
Sachse Farms Ltd	-	n/a	-	2,757,275	4	0.27%
Ingram Sachse Ltd	-	n/a	-	2,743,715	5	0.27%
Woodbridge Properties, LLC	-	n/a	-	2,599,914	6	0.25%
Woodbridge West VII	-	n/a	-	2,447,868	7	0.24%
Ashton Dallas Residential	-	n/a	-	2,395,503	8	0.23%
Weekley Homes, LP	-	n/a	-	2,373,174	9	0.23%
TXU Electric Delivery Co	-	n/a	-	2,237,570	10	0.22%
Total	\$ 102,568,335		4.01%	\$ 45,245,765		4.41%
 Total Assessed Valuation	 \$ 1,424,592,045		 100%	 \$ 1,026,719,308		 100%

Source: Tax Office.

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

City of Sachse, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Tax levy	\$ 5,281,560	\$ 5,723,724	\$ 6,266,916	\$ 7,227,992
Current tax collected	\$ 5,201,118	\$ 5,649,957	\$ 6,203,890	\$ 7,217,309
Percent of current tax collections	98.48%	98.71%	98.99%	99.85%
Delinquent tax collections	\$ 79,965	\$ 71,649	\$ 60,970	\$ 2,993
Total tax collections	\$ 5,281,083	\$ 5,721,606	\$ 6,264,860	\$ 7,220,302
Total collections as a percentage of levy	100%	100%	100%	100%

Source: Dallas and Collin County reports.

2010	2011	2012	2013	2014	2015
\$ 8,471,702	\$ 8,603,645	\$ 9,444,654	\$ 9,599,026	\$ 9,864,675	\$ 10,773,241
\$ 8,446,396	\$ 8,510,978	\$ 9,389,230	\$ 9,443,766	\$ 9,762,321	\$ 10,646,371
99.70%	98.92%	99.41%	98.4%	99.0%	98.8%
\$ 17,094	\$ 72,492	\$ 41,669	\$ 119,881	\$ 56,611	\$ -
\$ 8,463,490	\$ 8,583,470	\$ 9,430,899	\$ 9,563,647	\$ 9,818,932	\$ 10,646,371
100%	100%	99.9%	99.6%	100%	98.8%

City of Sachse, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
General Obligation Bonds	\$ 183,700	\$ 156,598	\$ 6,256,483	\$ 40,510,000
Discount				(21,008)
Certificates of Obligation	\$ 4,863,760	\$ 4,503,407	\$ 4,133,054	\$ 1,235,000
Business-type activities:				
General Obligation Bonds	\$ 121,301	\$ 103,402	\$ 19,885	\$ -
Certificates of Obligation	164,072	1,661,593	90,524	1,375,000
Total primary government	<u>\$ 5,332,833</u>	<u>6,425,000</u>	<u>10,499,946</u>	<u>43,098,992</u>
Percentage of personal income (1)	1.21%	1.43%	2.28%	9.00%
Per capita (1)	\$ 299	\$ 270	\$ 577	\$ 2,225

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is disclosed on page 108.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 39,935,000	\$ 39,235,000	\$ 38,455,000	\$ 37,595,000	\$ 36,575,000	\$ 36,915,000
(19,899)	(18,790)	(17,681)	(16,572)	(15,463)	(14,354)
\$ 1,080,000	\$ 915,000	\$ 750,000	\$ 575,000	\$ 470,000	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,295,000	1,210,000	1,120,000	1,030,000	935,000	835,000
<u>42,290,101</u>	<u>41,341,210</u>	<u>40,307,319</u>	<u>39,183,428</u>	<u>37,964,537</u>	<u>37,735,646</u>
8.15%	7.87%	6.24%	6.00%	5.09%	4.50%
\$ 2,017	\$ 1,951	\$ 1,905	\$ 1,836	\$ 1,559	\$ 1,553

City of Sachse, Texas

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	2006	2007	2008	2009
NET TAXABLE ASSESSED VALUE				
All property	\$ 1,026,719,308	\$ 1,132,560,840	\$ 1,203,932,358	\$ 1,213,855,083
NET BONDED DEBT (1)				
Gross bonded debt	5,168,761	4,763,407	10,409,422	41,745,000
Less debt service funds	-	-	-	-
Net Bonded Debt	<u><u>\$ 5,168,761</u></u>	<u><u>\$ 4,763,407</u></u>	<u><u>\$ 10,409,422</u></u>	<u><u>\$ 41,745,000</u></u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	0.50%	0.42%	0.86%	3.44%
POPULATION	17,300	17,650	18,050	18,750
NET BONDED DEBT PER CAPITA	\$ 299	\$ 270	\$ 577	\$ 2,226

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

2010	2011	2012	2013	2014	2015
\$ 1,193,802,976	\$ 1,234,165,298	\$ 1,238,561,173	\$ 1,248,799,416	\$ 1,300,626,206	\$ 1,424,592,045
40,995,101	40,131,210	39,187,319	38,153,428	37,029,537	36,900,646
-	-	-	-	-	-
<u>\$ 40,995,101</u>	<u>\$ 40,131,210</u>	<u>\$ 39,187,319</u>	<u>\$ 38,153,428</u>	<u>\$ 37,029,537</u>	<u>\$ 36,900,646</u>
3.43%	3.25%	3.16%	3.06%	2.85%	2.59%
20,329	20,570	20,570	20,780	23,756	23,756
\$ 2,017	\$ 1,951	\$ 1,905	\$ 1,836	\$ 1,559	\$ 1,553

City of Sachse, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2015

<u>Governmental Unit</u>	<u>Gross Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Wylie I.S.D	\$ 307,599,292	12.22%	\$ 37,588,633
Garland I.S.D	501,756,118	5.78%	29,001,504
Collin County	402,795,000	0.60%	2,416,770
Dallas County	84,725,000	0.42%	355,845
Dallas County Hospital District	728,005,000	0.42%	3,057,621
Dallas County Schools	60,215,000	0.42%	252,903
Collin County Community College District	31,600,000	0.60%	189,600
Dallas County Community College District	321,510,000	0.42%	1,350,342
Subtotal, overlapping debt			<u>74,213,218</u>
City direct debt			<u>36,900,646</u>
Total direct and overlapping debt			<u><u>\$ 111,113,864</u></u>

Sources: Taxing Entities and City, Dallas Central Appraisal District, and the Collin County Appraisal District.

City of Sachse, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Estimated Population	Personal Income	Per Capita Personal Income	School Enrollment		Unemployment Rate	
				Garland ISD	Wylie ISD	Dallas County	Collin County
2006	17,300	441,669,000	25,530	56,593	9,800	4.4%	3.2%
2007	17,650	450,604,500	25,530	57,030	10,713	5.1%	4.3%
2008	18,050	460,816,500	25,530	56,600	11,402	5.4%	4.6%
2009	18,750	478,687,500	25,530	57,000	11,402	8.7%	7.8%
2010	20,329	518,999,370	25,530	57,861	11,349	8.7%	7.3%
2011	20,570	525,152,100	25,530	57,833	12,548	8.4%	7.1%
2012	20,570	646,206,550	31,415	58,151	12,939	6.7%	5.7%
2013	20,780	652,803,700	31,415	58,059	13,305	6.9%	6.4%
2014	23,756	746,294,740	31,415	57,704	13,902	6.9%	6.4%
2015	23,756	837,779,096	35,266	57,436	14,557	4.1%	3.5%

Sources: Estimated population provided by the City of Sachse.
Per Capita Income provided by North Central Texas Council of Governments.
Garland & Wylie Independent School Districts.
Unemployment information provided by the Texas Workforce Commission.

City of Sachse, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Garland ISD	486	1	4.28%	140	1	2.80%
Wal-Mart Supercenter	290	2	2.56%	-	n/a	-
Kroger	170	3	1.50%	70	4	1.40%
City of Sachse	150	4	1.32%	101	2	2.02%
Wylie ISD	125	5	1.10%	75	3	1.50%
Wal-Mart Neighborhood Market	72	6	0.63%	-	n/a	-
Whataburger	55	7	0.48%	-	n/a	-
Oxford Glen Memory Care	49	8	0.43%	-	n/a	-
Barnyard Gate Daycare	36	9	0.32%	-	n/a	-
Bearfoot Lodge Daycare	30	10	0.26%	-	n/a	-
First Bank	-	n/a	-	20	5	0.40%
Metro Store	-	n/a	-	20	5	0.40%
Marshall Cabinets	-	n/a	-	15	7	0.30%
TPC Electric	-	n/a	-	15	7	0.30%
Sachse Veterinary Clinic	-	n/a	-	12	8	0.24%
La Plaza Del Pueblo	-	n/a	-	10	10	0.20%
Total	1,463		12.89%	478		9.56%

Source: Top ten employers and employee count provided by Sachse Economic Development Corporation.

City of Sachse, Texas

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government and adminstration	17	17	18	12	12	12	11	11	11	11
Public safety	60	65	71	67	66	69	79	79	80	85
Public works	14	12	12	12	12	12	11	11	11	10
Culture and recreation	12	13	14	14	14	15	16	16	16	15
Water and sewer	5	5	7	20	20	20	20	20	20	21
Community development	14	13	13	12	12	12	11	11	11	11
Economic development	1	1	1	1	1	1	1	1	1	2
Total	122	126	136	138	137	141	149	149	150	155

Sources: Various City departments.

City of Sachse, Texas

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009
Public safety				
Police				
Number of employees	43	43	43	43
Number of violations (citations)	7,256	4,947	5,666	2,844
Fire				
Number of employees	17	22	24	24
Number of volunteers	4	3	4	0
Number of fire runs	283	410	491	741
Number of EMS runs	633	556	572	424
Public works				
Streets (miles)	112	120	122	122
Building permits issued	282	186	176	135
Cultural and recreational				
Parks and recreation				
Park maintain & operate per acre	86	93	93	110
Participants in parks programs	2,741	2,630	3,570	3,952
Participants in senior program	8,914	8,812	12,815	13,027
Library				
Volumes in collection	36,722	38,481	35,879	31,757
Water and sewer				
Number of water connections	6,275	6,504	6,651	6,804
Number of sewer connections	5,889	6,078	6,252	6,427
Average daily water consumption ^a	2.889	2.032	2.545	2.484
Maximum storage capacity ^a	4.9	4.9	4.9	6.9

Sources: Various City departments.

2010	2011	2012	2013	2014	2015
50	48	48	44	50	50
2,068	2,160	2,568	1,260	2,246	3,846
36	44	44	34	34	35
0	0	0	0	0	0
333	340	197	456	272	394
683	732	811	766	802	909
122	125	125	130	135	135
138	89	135	135	246	275
114	114	139	149	149	152
4,446	4,660	5,010	5,109	5,186	5,480
15,142	15,392	15,700	18,455	19,500	20,445
36,484	38,161	38,761	40,169	43,935	41,203
6,949	7,121	7,285	7,239	7,370	7,950
6,590	6,743	6,874	6,999	7,113	7,468
2,560	3,146	2,464	2,509	2,776	2,412
6.9	6.9	6.9	6.9	6.9	6.9

City of Sachse, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years

Function/Program	2006	2007	2008	2009
Public safety				
Police stations	1	1	1	1
Police patrol units	17	17	17	17
Fire stations	2	2	2	2
Police motorcycle units	2	2	2	2
Public works				
Streets-paved (miles)	112	120	122	122
Cultural and recreational				
Parks (acres)	86	93	93	110
Playgrounds (1)	3	3	4	5
Library	1	1	1	1
Senior center	1	1	1	1
Water and sewer				
Fire hydrants	671	688	721	753
Ground storage facilities	2	2	2	2
Elevated storage facilities	2	2	2	2
Lift stations	4	4	4	4

Sources: Various City departments.

(1) Does not include HOA playgrounds.

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
17	22	25	25	25	27
2	2	2	2	2	2
2	2	2	2	2	2
122	125	125	130	135	135
114	114	139	149	154	155
5	5	5	5	5	6
1	1	1	1	1	1
1	1	1	1	1	1
753	770	786	865	933	970
2	2	2	2	4	4
2	2	2	2	2	2
4	4	4	4	4	4

